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INTERNATIONAL CHAMBER OF COMMERCE

FRENCH NATIONAL COMMITTEE

THE LIBRARY OF THE
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UNIVERSITY OF ILLINOIS

BANK OF FRANCE

REPORT BY THE GENERAL COUNCIL OF THE BANK

1925

PARIS
6, Rue de Messine (VIII[e])

INTERNATIONAL CHAMBER OF COMMERCE

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Bank of France

GENERAL MEETING
OF
SHAREHOLDERS
OF THE
BANK OF FRANCE

January 28th, 1926

M. Georges ROBINEAU, GOVERNOR, in the CHAIR

REPORT
by
THE GENERAL COUNCIL OF THE BANK

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REPORT
on the
OPERATIONS of the BANK of FRANCE
during the financial year 1925

Gentlemen :

At the close of our report on the operations of the financial year 1924, we expressed even then our concern about the position of the Treasury and its effect upon the financial situation.

We clung to the hope, however, that thanks to strong measures, we should succeed in overcoming the crisis sufficiently rapidly for it to be possible to avoid increasing the amount of loans to the Treasury and the amount of notes in circulation.

There was a danger that a first increase of this kind would be followed by others, as indeed proved to be the case, and that development of this further inflation would daily render more difficult all efforts to arrest it.

Throughout the year under consideration, as indeed in previous years, the General Council never ceased to call the attention of the Public Authorities to the extreme urgency of making efforts in this direction and only agreed to the increases successively applied for, firstly in consequence of the determination expressed each time by the Government to take measures at last to clear up the monetary and financial situation, and secondly in order to give the Government the necessary time for their application.

Faced with duties of a complex nature and obliged to take decisions which sometimes were momentous, your Council never lost sight of its essential task, viz., to defend the credit of the Bank Note.

Your Council is more than ever convinced that this credit can only be maintained and rendered sounder by establishing it on a basis independent of the needs of the State, as set forth in our Statutes.

At the very outset of the war, your Council only agreed to make the first loans to the Treasury, firstly because of the absolute urgency of defending the country, and secondly because the State could not possibly, by means of credits and taxation, procure sufficiently rapidly the necessary funds.

At that time your Council had requested that the return to a normal state of affairs be guaranteed by the definite engagement

as to amortisation, as set forth in the Acte de Bordeaux : this request had been granted.

Directly after the Armistice, your Council using the same arguments resolutely opposed the successive demands of the Treasury.

In the declaration it sent to the Ministry of Finance on April 15th 1919, it recalled the following :

« That it is of vital interest to the country that the credit of the « Bank Note should be unimpeachable :

« That it is with this object that, according to the fundamental « statutes of the Bank of France, all issues of Notes are subject to « definite conditions which guarantee their equivalent in metal « currency.

« That any derogation from this principle can only be tolerated « when the safeguarding of the country absolutely demands it and « when its very existence is threatened, so that it is a question « of victory or death ».

Your General Council obtained satisfaction, with the result that the maximum of the loans to the State was fixed at 27 milliards, and the time allowed for their amortisation was reduced by the law of April 22nd 1920.

Unfortunately, it proved impossible to carry out in detail these sound legislative measures : chiefly by reason of Germany's prolonged inability to pay, the State experienced increasing difficulties in obtaining, at the required time, the funds necessary to meet the growing demands made upon it for reparations and its Budgetary disbursements. The Government succeeded in doing so only by means of repeated loans, and sometimes only thanks to the provisional assistance given by the Banks and the Credit Establishments to which supplied the necessary amounts in the form of regular discounts which entailed an increase in the number of notes in circulation.

In spite of all efforts, it was impossible to impede as quickly as was necessary the rapid course of events with the result that at the beginning of 1925 the maximum of the loans which had been reduced to 22 milliards and that of the issue of notes previously fixed at 41 milliards, had to be raised.

It would be useless at this moment to put before you again the documents showing how on certain dates we had to press our urgent requests and the replies which were made to them.

They were communicated to Parliament and published. The various phases of this crisis were laid before the two Houses before they were called upon to approve by means of the law of April 15th the agreement concluded by the State and the Bank to raise the loans to the State by 4 milliards and the notes in circulation to 45 milliards.

Thanks to this agreement, the Treasury had at its disposal funds which were considered sufficient by the Public Authorities and

there was reason to hope that the time thus allowed would not expire before the effort towards financial recovery expected by the country had been made.

This, however, did not prove to be the case : inflation aggravates the disease whilst apparently soothing its symptoms : within three months the Government applied for authorisation to negotiate with the Bank a further loan of 6 milliards.

The General Council could but fulfil the obligations imposed upon it by circumstances and was forced to sanction this further loan, the object of which was to extend the period necessary to the discussion, settlement and application of the measures calculated to insure the balancing of the Budget and that of the Treasury's finances.

At the same time the State decided to issue a further loan offering special advantages with a view to ensuring to the Treasury a certain guarantee resulting from the funding of a part of the short term Debt and of the floating Debt.

In order to avoid any form of inflation the Treasury's liabilities should have been entirely covered, not by a further issue of Notes, but by the normal operation of credit transactions, the success of which depends much more upon a general feeling of absolute confidence than upon the ingenuity of their elaboration. This has always been the opinion of the General Council which has never broken away from the principles it has unceasingly laid down.

At the end of November and, moreover, for the third time since the beginning of the year, as it had been impossible to take the measures which were to put a stop to inflation, the General Council was faced with two demands for further loans, the first on November 23rd for one and a half billions to supply the Treasury with the notes necessary to meet its immediate liabilities, and the second on the 4th December for 6 more billions in order to supply the Treasury once more with further resources.

The General Council which, as pointed out above, whilst entering into the previous agreements insisted upon the Government urgently adopting a financial policy calculated to stop all further inflation, only sanctioned the increase provided in the December agreement, because of its firm intention that it should be the last.

The General Council does not doubt that this also was the wish of the Government to which on December 7th it sent a letter containing a copy of the Resolution authroising the signing of the agreement on that date.

In this resolution the General Council once again made the following statements : « that the consequence of the Bank of France « making advances to the State is a very serious disorder of the « money market : that, as it had explained in 1919, these advances « were justified during the war only because of the great peril to « the country and that further they were sanctioned only because « a guarantee was given to amortise this debt as quickly as possible ; « that it was its duty not to misapply the true mission of the Bank « of France which had been founded for the purpose of maintaining

« intact the credit and value of the bank note and that this purpose « can only be achieved by the application of those principles « without which no issue of notes can be sound, and the first of « these principles is to keep such issues quite independent of the « needs of the State ».

In view of the interests which the General Council has to defend, it urgently requests that the time at the disposal of the Treasury as a consequence of the new agreement be employed, without losing a moment, not only finally to balance the Budget but also strengthen the confidence of the public and thereby to assure the normal renewal of the subscriptions to the Bons de la Defense Nationale, the falling off of which has been one of the principal causes of the recent difficulties experienced by the Treasury.

According to the agreements concluded on November 24th and December 7th the limit of loans was raised to 39 $\frac{1}{2}$ milliards and that of the notes in circulation to 58 $\frac{1}{2}$ milliards.

At the end of the year the State's debt amounted to 35,950 millions, this figure being in excess of the figure at the beginning of the year by 14,150 millions.

By virtue of the application of the agreement of April 7th which provided that the reduction of the debt should be limited for 1925 to the amount available at the end of the year from the reserve and amortisation account, the Treasury was credited with the balance of this account i. e. 955 millions.

The State added to the above amount the sum of 45 millions drawn from the unemployed balance of the Morgan loan in dollars, which was transferred at the end of the year, under conditions which we had occasion to explain, with the result that the amount of the reduction of the debt was raised to one milliard, the maximum of the authorised loans was reduced from 39 $\frac{1}{2}$ to 38 $\frac{1}{2}$ milliards and the amount of the State's debt from 35,950 millions to 34,950 millions.

At the end of the financial year the notes in circulation amounted to 50 milliards which is an increase of 9,390 millions over the corresponding figure for 1924.

This increase is considerably less than that of the State's debt.

The difference between these two figures is the result firstly of an increase of the balance of our Current Accounts amounting to 1,200 millions and; secondly, to the decrease of our discounted bills.

The amount of discounted bills after having varied between 5 and 6 milliards during the first months of the year, as a result of the exceptional discounts granted in the interests of the Treasury, has remained stable between 3 and 4 milliards since these transactions were completed and moreover the Bank rate was reduced on July 9th from 7 % to 6 %.

The progressive development of our advances to the State and the consequent increase of the amount of notes in circulation has not failed to have a very serious effect on the exchange market. The franc has fallen almost continuously throughout the year and towards its end the downard movement became much more marked.

The dollar which, at the beginning of January, was quoted at 18.50 rose to above Fr. 19 in April, to Fr. 20 in May and to Fr. 22 in June.

The pound sterling similarly rose from 87.50 at the beginning of the year to Fr. 93 in April, Fr. 97 in May and from June onwards was quoted at over Fr. 100.

After a certain period of stability during the summer months the exchange rates suddenly started rising again at the beginning of October.

From this date they rose rapidly, the dollar and pound being quoted at Fr. 24 and Fr. 117 in October, 26 and 129 in November, they reached the maximum of 28 and 135 in the middle of December and fell during the first days of 1926 to 26.50 and 130.

Home prices, naturally influenced by the increase in the rates of exchange have not, as is always the case, progressed so rapidly. The rise in retail prices has not so far exceeded 14 ½ % and that of wholesale prices 25 %.

This rise, however, will increase unless the measures indispensable to financial recovery are taken very promptly so as to render possible the readjustment of prices by improving the rate of the franc.

The volume of production and the number of commercial exchanges during the year show once again that the country is resolutely and definitely continuing its effort towards recovery in spite of all the difficulties of the financial situation.

Thanks to the activity of the mining industries since the Armistice they have this year reached their pre-war figure, and in the case of certain products, have considerably exceeded it.

The total output of our mines for the whole year would appear to exceed by 2 million tons that of 1913, account being taken of the production of Alsace and Lorraine.

During the first 11 months of 1925 our coal mines produced almost 44 million tons as against 41 million tons for the corresponding period of 1924.

The output of iron and cast iron almost reached the pre-war figure : that of steel considerably exceeded it.

The crop of cereals reached the highest figure since the war.

The wheat crop produced 89 million quintals which is an increase of 13 millions over 1924 figures : this result is all the more encouraging because it is due to a considerable increase in the output per hectare.

The activity and perseverance which the country has shown, as indeed it has always done in the past even at the most critical moments, constitutes the chief basis on which we found our hopes for the future.

This year the General Council has to report the irreparable loss of Mr. Stéphane Dervillé. You all know how ably he carried out the highest duties and how adequately he filled the eminent post he

occupied at the head of the most renowned companies, in the State Councils and in the most important business concerns of France.

Called upon successively by the Bank of France as one of the Heads of the Discount Department to assist in the distribution of credits, as Censor to control the bulk of the transactions and subsequently as Regent to take part in the Management of the Bank over a period of 16 years, during which he had to face all problems of a financial and monetary order arising out of the war, our distinguished colleague never ceased to be for us the sure guide who in anxious moments, grasps the situation and knows how to meet it without allowing his equanimity and cheerful courtesy to be ruffled.

We deeply grieve at having lost so valuable a man, a Frenchman in whom were harmoniously blended the most brilliant and soundest qualities of the race.

We are convinced we have expressed your feelings by conveying to his family your deepest sympathy in their sad loss.

Gentlemen you will now proceed to elect the following :

1. — A Regent, for three years, to replace Mr. Stéphane Dervillé, deceased.

2. — A Censor, for three years to replace Mr. Camille Poulenc, whose term of office has expired.

3. — Three Regents for 5 years to replace Baron Edouard de Rothschild, Messrs. François de Wendel and Charles Bourgis, whose term of office has expired.

We beg to remind you that Mr. Camille Poulenc, Baron Edouard de Rothschild, Messrs. François de Wendel and Charles Bourgis are eligible for re-election.

GENERAL SURVEY OF OPERATIONS

During 1925 our profit earning operations amounted to 108 milliards 310 millions, as against 108 milliards 278 millions in 1924, or an increase of 32 millions.

This total is allocated as below :

Paris.	Fr.	33.314.000.000
Offices in Paris and in the Seine Department.	»	13.184.000.000
Branch Offices.	»	61.812.000.000
	Fr.	108.310.000.000

Deposits of securities, transfers, encashment of cheques free of charge drawn upon places where the Bank has no agency, operations carried out for the account of the Public Treasury, discounts on French Treasury Bonds for advances by the State to foreign Governments are not included in the above figures : details of these are given in the following chapters.

OPERATIONS CARRIED OUT FOR THE ACCOUNT OF THE TREASURY

The total amount of operations carried out for the account of the Treasury is a below :

Debit Side.	Fr.	261.340.400.000
Credit Side.	»	261.390.500.000
	Fr.	522.730.900.000

or an increase of 44 milliards 231 millions as compared to last year's figure.

The above total includes the following :

Treasury deposits and withdrawals : transfer of funds carried out in Paris and in the Departments for the account of the Treasury : collection of bills and orders of payment : issue of Government securities and payment by us of dividends on Government stocks : payments by means of transfers or orders made payable to those of the State and provincial creditors who have open accounts at the Bank.

4°/o LOAN 1925

We participated in the issue 4 % Government Bonds 1925 ; the subscriptions paid into our offices amounted to. Fr. 62.342.000
Government Bonds representing a nominal capital of. . . . . » 1.558.550.000
i. e. 26.2 % of the total amount subscribed.

BONS DE LA DÉFENSE NATIONALE

During 1925 the amount of « Bons de la Défense Nationale » subscribed or renewed in our offices was. . Fr. 20.657.000.000
details as below :

Head Office.	Fr.	9.979.000.000
Paris District Offices and Auxiliary Offices in the department of the Seine.	»	748.000.000
Branch Offices.	»	9.930.000.000
	Fr.	20.657.000.000

The total amount of « Bons » subscribed or renewed through us since the beginning of the war amounts to.. Fr. 215.372.000.000

Moreover the Bank participated in 1925 in the issue of cheques issued for payment of taxes by customers (Chèques-contributions). The amount subscribed and centralised by the Bank reached the nominal capital of..... Fr. 536.763.000
or, 27.9 % of the total amount subscribed.

RESERVE OF SPECIE

On December 24th 1925, our total reserve of specie amounted to.....	Fr.	5.868.158.000
On December 24th 1924, it amounted to.....	»	5.850.860.000
or an increase of.....	Fr.	17.298.000
The Gold Reserve increased from.....	Fr.	5.545.119.000
to.....	»	5.548.089.000
or an increase of.....	Fr.	2.970.000
The Silver Reserve increased from.....	Fr.	305.741.000
to.....	»	320.069.000
or an increase of.....	Fr.	14.328.000

On December 24th 1925 the details of our gold reserve were as below :

Gold in hand.....	Fr.	3.683.768.000
Gold in foreign countries.....	»	1.864.321.000
Total.....	Fr.	5.548.089.000

During the last financial year the movements of our reserve of specie were as below :

Gold :

Maximum :	Fr.	5.548.100.000	on 24th	December	1925 ;
Minimum :	»	5.545.100.000	» 26th	»	1924 ;
Average :	»	5.546.700.000.			

Silver :

Maximum :	Fr.	320.100.000	on 24th	December	1925 ;
Minimum :	»	303.800.000	» 7th	January	1925 ;
Average :	»	311.300.000.			

Total Reserve :

Maximum :	Fr.	5.868.200.000	on 24th	December	1925 ;
Minimum :	»	5.849.000.000	» 7th	January	1925 ;
Average :	»	5.858.000.000.			

Details of RESERVE as at 31st December 1924 and 31st December 1925

(IN MILLIONS OF FRANCS)

YEAR	GOLD			SILVER	GRAND TOTAL
	GOLD IN HAND	GOLD ABROAD	TOTAL GOLD		
1924	3.680.9	1.864.3	5 545.2	306.0	5 851.2
1925	3.683.8	1 864.3	5.548.1	321.2	5 869.3

AVAILABLE FUNDS AND CREDITS ABROAD

At the end of the financial year our credits abroad amounted to..... Fr. 564.075.000
as against on 24th December 1924..... » 569.629.000

i. e. a decrease of..... Fr. 5.554.000

The proceeds of the 1924 American loan, which as mentioned in our preceding report were handed to us, were entered in a special account, because of the manner in which they may be used. This account figures in our weekly returns amongst the miscellaneous accounts under « Assets ».

OFFICIAL BANK RATE AND RATE ON ADVANCES

The official Bank Rate was decreased from 7 % to 6 % on the 9th July 1925.

The rate on advances on securities has been maintained at 8 %.

DISCOUNTS

In 1925 the number of bills discounted in Paris, the branch offices and auxiliary offices amounted to :

35.018.000 value..... Fr. 58.581.323.600
as against in 1924 : 31.103.500 » ..... » 57.283.034.000

an increase of 3.914.500 bills and.... Fr. 1.298.289.600

The increase in the number of bills is therefore 12.6 % and in their value 2.3 %. The increase for 1924 as compared with 1923 was 15.8 for the number of bills and 37.6 % for their value.

The Average of our discounted bills, exclusive of frozen bills and French Treasury Bills, discounted in respect of loans by the State to foreign Governments amounted to... Fr. 4.418.500.000

The maximum was reached on April Ist 1925 with..... » 6.559.800.000
the minimum on 21st October 1925 with..... » 2.796.000.000

In 1925, 10.849.744 bills were discounted at our Head Office ; details as below :

Bills from 5 Fr. to 10 francs.....	75.879
» » 10 » 01 » 50 »	1.284.998
» » 50 » 01 » 100 »	1.407.137
» above 100 francs.....	8.081.730
Total.....	10.849.744

Almost 26 % of the above total consists of bills less than 100 Frs.

The average period of currency for the bills discounted is about 28 days.

FROZEN BILLS

On December 24th 1924 the amount of frozen bills was.....	Fr.	8.670.000
On December 24th 1925 it was reduced to...	»	5.350.000
or a decrease of.....	Fr.	3.320.000
As compared to the maximum.....	Fr.	4.476.000.000

the total decrease is 99.88 %.

It is hardly necessary to point out once again how much credit the above results do to French trade, which entirely justify the confidence which the Legislator of 1914 placed in its traditional respect of its obligations.

SIGHT BILLS

We received from our account holders either in France or abroad the following for collection :

In 1925 : 6.577.170 bills for.....	Fr.	16.197.246.600
as against :		
In 1924 : 6.267.750 » »	»	16.970.629.200
i. e. an increase of 309.420 bills and a decrease of.....	Fr.	773.382.600

The above figures include non-crossed cheques handed in by our account holders.

Up to May 31st 1925 the collection of these cheques was carried out under the same conditions as that of Sight Bills and entailed the payment of a commission. In order to encourage payments by draft, cheques etc..., we considered it advisable to extend the same advantages to holders of non-crossed cheques as those granted hitherto to holders of crossed cheques. Consequently since June 1st 1925 the collection of all cheques is carried out free of charge.

ADVANCES ON SECURITIES

During the financial year the advances on securities amounted to.....	Fr.	30.651.003.000
In 1924, they amounted to.....	»	31.544.997.100
i. e. a decrease of.....	Fr.	893.994.100

The item of advances was as below :

Maximum, 6th May 1925.....	Fr.	3.176.100.000
Minimum, 23rd December 1925.....	»	2.538.900.000

In 1924, the maximum and minimum were as follows :

Maximum.....	Fr.	2.933.300.000
Minimum.....	»	2.378.700.000

NOTES IN CIRCULATION

The variations in the amount of notes in circulation were as follows :

Maximum, the 24th December 1925.....	Fr.	49.992.606.215
Minimum, » 28th January 1925.....	»	40.515.860.220

On December 24th 1925 the details of the notes in circulation were as below :

21.489.762 notes of 1.000 Fr. value.....	Fr.	21.489.762.000
6.123.703 » » 500 » »	»	3.061.851.500
190.145.332 » » 100 » »	»	19.014.533.200
71.957.091 » » 50 » »	»	3.597.854.550
21.061.811 » » 20 » »	»	421.236.220
156.233.887 » » 10 » »	»	1.562.338.870
169.005.975 » » 5 » »	»	845.029.875
636.017.561 notes total value.....	Fr.	49.992.606.215

The maximum of authorised issues which had been fixed at 41 milliards by the decree of September 28th 1920 was successively raised to 45 milliards by the law of April 15th 1925, to 51 milliards by the law of June 27th 1925 and to 58 $\frac{1}{2}$ milliards by the law of December 4th 1925.

CURRENT AND DEPOSIT ACCOUNTS

The amounts paid in to current and deposit accounts were as follows :

in 1925	Fr.	854.429.900.000
The withdrawals amounted to	»	853.221.200.000
i. e. a total movement amounting to	Fr.	1.707.651.100.000
In 1924 this movement amounted to	»	1.654.433.200.000
There is, therefore, an increase of	Fr.	53.217.900.000

On 24th December the balance of the current and deposit accounts amounted to Fr. 3.168.073.000

The maximum and minimum of these accounts were as follows :

Maximum, 16th December 1925	Fr.	3.250.100.000
Minimum, 11 March 1925	»	1.866.300.000

The number of current or deposit accounts opened in Paris, the Branch Offices and Auxiliary Offices increased from 344.600 at the end of 1924 to 346.500 at the end of 1925.

If the interest accounts be included, the total number of accounts opened in our books exceeds 373.000.

CASH MOVEMENTS : SPECIE, NOTES AND TRANSFERS

The general movement of cash (receipts and payments) is as below :

Specie	Fr.	551.741.900
Notes	»	266.856.369.700
Transfers	»	1.812.247.610.700
Total	Fr.	2.079.655.722.300

In this general movement 87 % of the transactions were carried out without any movement of cash.

The above shows how adequate have been the measures we have taken in order to increase the use of transfers and cheques.

During 1925 the number of promissory notes, transfers and country cheques amounted to	Fr.	80.328.980.700
as against in 1924	»	73.510.804.900
or an increase of	Fr.	6.818.175.800

The details of these issues are as below :

	1924	1925
Promissory notes.	16.890.200	15.329.200
Transfers.	59.327.199.100	65.532.505.500
Cheques.	9.303.933.700	9.951.364.200
Circular cheques (Letters of credit).	4.862.781.900	4.829.781.800
	73.510.804.900	80.328.980.700

All our offices have a current account for postal cheques (chèques postaux) at the post office of the district.

In 1925, the total movement of these accounts (debit and credit) amounted to.....	Fr.	52.723.315.000
as against in 1924.....	»	44.567.131.000
i. e. an increase of.....	Fr.	8.156.184.000

This year in 52 offices (Aix, Albi, Auch, Bar-le-Duc, Bayonne, Beaune, Bergerac, Blois, Bourg, Brest, Brive, Cavaillon, Cette, Colmar, Coulommiers, Dax, Digne, Elbeuf, Evreux, Flers, Fontainebleau, Fourmies, Gap, Grasse, Gray, Hazebrouck, Issoudun, Libourne, Louviers, Lunéville, Meaux, Melun, Mont-de-Marsan, Montereau, Montluçon, Morlaix, Moulins, Narbonne, Niort, Pau, Perpignan, Redon, Remiremont, Riom, Saintes, Saint-Dié, Saint-Dizier, Saint-Lô, Saint-Malo, Sens, Tarare, Toul) we arranged for clearing houses for the settlement of time commercial bills.

The number of these local clearing organizations was thereby raised to 165.

The bills discounted through the above organizations amounted to :

In 1925.....	Fr.	56.933.400.000
as against in 1924.....	»	44.893.000.000
i. e. an increase of.....	Fr.	12.040.400.000

DOUBTFUL BILLS

On December 24th 1925 the balance of doubtful Bills in Paris and in the Branch and Auxiliary Offices amounted to Fr. 196.153.900. This figure is set off in our provisional accounts.

During the next year we expect to receive considerable amounts in respect of these bills both on account of payments which will be made by various debtors and of the guarantees constituted in our favour.

DEPOSIT OF SECURITIES AND STOCK EXCHANGE ORDERS

At the end of the Financial year 1925, the details of the deposit of securities was as below :

	Depositors	Securities
Securities deposited in Paris by individuals.	90.283	8.629.795
Securities deposited in our Branch Offices by individuals.	30.448	1.829.730
Total.	120.731	10.459.525
Securities deposited by the Stockbrokers' Syndicate (Syndicat des Agents de Change).	70	1.926.923
Grand Total.	120.801	12.386.448

The Stock Exchange Orders carried out for the account of our customers were as follows :

	Number		Amount
In 1925.	224.853	Fr.	1.543.856.100
as against :			
In 1924.	254.314	»	1.723.663.300
Decrease in 1925.	29.461	Fr.	179.807.200

LOANS TO THE STATE

As we pointed out above, the maximum authorised for temporary loans to the State since the beginning of the war, and which on January Ist 1925 amounted to 22 milliards, was successively raised during the course of the year to :

26 milliards by the agreement of April 7th,
32 » » » » » June 30th,
and to 39 $\frac{1}{2}$ » » » » » Nov. 24th and Dec. 7th.

The balance of these loans at the end of the year amounted to 35.950 millions.

In accordance with the terms of the agreement of April 7th last, the annual reimbursement for the year 1925 was fixed at the available credit at the end of the year from the Reserve and Amortisation Account.

The balance of this account on December 31st 1925 amounted to Fr. 954.625.713.22.

The Treasury has made up this balance to a milliard francs by drawing against the unused balance of the dollars remaining from the Morgan loan which had been paid to us under the conditions fixed by our agreement of December 22nd 1924, an account of which was given in our previous report.

The balance of the Reserve and Amortisation Account thus raised to a milliard was employed for the reduction of the State Debt which in consequence was reduced from 35.950 millions to 34.950 millions.

The maximum of the loans authorised was similarly reduced from 39 ½ milliards to 38 ½ milliards.

AMORTISATION ACCOUNT

The reserve and amortisation account which was opened in accordance with the law of December 26th 1914 ratifying the agreement of September 21st of the same year, and with the law of December 20th 1918 ratifying the agreement concluded at the time of the renewal of the Bank's privilege, up to December 31st last had been credited with a number of payments amounting to 5.184.020.001 fr. 07 and these in accordance with the above mentioned agreement were distributed as follows :

Amortisation of doubtful frozen bills...	Fr.	8.265.571.66
Amortisation guarantee for recoverable frozen bills.	»	503.164.086.35
Surplus paid to the State on December 31st 1921, 1922, 1923 and 1924.....	»	3.717.964.629.84
Surplus paid to the State on December 31st 1925	»	954.625.713.22
Total.....	Fr.	5.184.020.001.07

The additional clause of March 11th 1918, moreover, provides for the opening of an additional account, to be credited with the interest paid to the Bank on the balance of the amortisation account, pending the allotment which will take place on the day of final settlement. This interest is reckoned at the same nett rate as that on loans to the State.

On December 24th 1925, this interest amounted to 18 millions 69.777 francs 85 cent.

GREEK LOAN 2 1/2 °/₀ GOLD 1898

The amount of coupons paid by us on maturity dates April Ist and October Ist was as follows :

In 1925	9.739 coupons	Fr.	304.343.75
» 1924	9.855 »	»	307.968.75
Decrease	116 »	Fr.	3.625. »

PROFIT and EXPENDITURE

During the financial year 1925 the gross and extraordinary profits (less deductions made in accordance with the laws of December 26th 1914 and December 20th 1918) credited in the Amortisation account amounted to.		Fr.	704.923.929.37
The Administration expenses for Paris and the Branch Offices including the amortisations of the Branch Offices, the maintenance charges for notes and specie, etc., amounted to. . . . . Fr.	279.214.237.62		
The expenses in connection with the purchase of buildings required for the decentralisation of the encashment department in Paris. . . . . Fr.	930.000. »		
The expenses in connection with the purchase of buildings for the formation or extension of Branches and Auxiliary Offices. Fr.	2.204.000. »		
Payments to the Pension Fund :			
1. To the Pension Fund of the employees. . . . . Fr.	2.000.000. »		
2. To the Pension Fund of the ladies employed. Fr.	1.000.000. »		
Special allowances granted to the staff on account of the high cost of living, or on account of their having a member or members of their family dependent on them, allowances to friendly societies. . . . . Fr.	40.183.634. »	Fr.	325.531.871.62

The nett balance therefore amounts to...		Fr.	379.392.057.75
To the above must be added the following :			
The rediscount for the second half of 1924.		»	23.796.838. »
The balance brought forward from the second half of 1924.....		»	2.046.485.30
Total.....		Fr.	405.235.381.05
From the above total the following must be deducted :			
1. The payments made :			
To the State, general or special taxes and royalties..... Fr.	210.273.957.70		
To the additional account being interest credited to the amortisation account (Law of December 20th 1918)..... Fr.	2.075.177.30		
To the profit account in addition to the capital, being amounts corresponding to the portion added to the nominal capital yielded by the raising of the rate on discount above 5 % and on loans above 6 %..... Fr.	79.901.997.64		
2. On account of the Reserve for depreciation of Government and other securities representing capital invested and other reserves..... Fr.	76.000.000. »		
3. The re-discount for the second half year 1925. Fr.	19.374.759. »		
4. Balance brought forward from the second half year 1925..... Fr.	852.816.68	Fr.	388.478.708.32
		Fr.	16.756.672.73
The nett balance in conjunction with the income from the Bank's own investments amounting to.....		Fr.	37.993.327.27
have put it in a position to pay on the shares a nett dividend of 300 francs, viz., 182.500 shares.....		Fr.	54.750.000. »

DIVIDENDS AND SHARES

The gross dividend for the first half year of 1925 was fixed at	Fr.	164.77
That of the second half year at	»	189.02
For the year	Fr.	353.79

The above corresponds to a nett dividend, after deduction of taxes, of	Fr.	300. »

The dividend on the 182.500 shares of the Bank is payable at the Head Office to 9.093 shareholders holding 87.266 shares, and at the Branch and Auxiliary Offices to 20.523 shareholders holding 95.234 shares.

135.151 shares belong to shareholders who have free disposal of their property, and 47.349 to married women, minors, and to persons deprived of their rights, who are only entitled to alienate their property provided they have certain authorisations or have fulfilled certain formalities.

On December 24th 1925, our shares were allocated among the shareholders as follows :

Shareholders holding 1 share	10.632
» » 2 shares	6.389
» » 3 to 5 shares	6.585
» » 6 to 10 »	3.217
» » 11 to 20 »	1.472
» » 21 to 30 »	588
» » 31 to 50 »	350
» » 51 to 100 »	266
» » over 100 »	117
Total	29.616

The number of shareholders holding one share is 35 % of the total and the number of shareholders holding one or two shares is more than 59 % of the total.

In concluding this report on a year during which the difficulties of the State Treasury were on several occasions of so serious a nature, that in spite of all efforts made it was impossible on three occasions to avoid inflation with its far reaching consequences, we wish to state that we entertain no doubt that this trying period must now be definitely at an end.

The Bank feels it has done all it could to prevent this state of affairs and to ensure its being remedied as soon as possible.

It, therefore, hopes that in the interests of the country it will be able to resume its normal duties and in accordance with the object of its foundation will be in a position to devote all the resources of its credit to the development of trade, industry and agriculture.

GENERAL TABLE OF PROFIT EARNING OPERATIONS DURING THE YEARS 1924 AND 1925

OPERATIONS	1924				1925			
	HEAD OFFICE	OFFICES IN PARIS and in the SEINE-DEPARTMENT	BRANCH and AUXILIARY OFFICES	TOTAL	HEAD OFFICE	OFFICES IN PARIS and in the SEINE-DEPARTMENT	BRANCH and AUXILIARY OFFICES	TOTAL
Discount on Bills and Treasury Bills	23.011.123.600	3.313.258.800	30.958.651.900	57.283.034.300	21.956.579.900	3.463.483.400	33.161.260 300	58 581.323.600
Sight Bills	9.603.852.400	3 209.946 500	4.156 830.300	16.970.629.200	9.500.463.500	2.563.102.000	4 133.681.100	16.197.246 600
Loans on securities	2.425.200	74.800	1.613.000		819.700	24.900	2.138.900	
Loans on securities in current accounts	1.422.660.800	6.946.227 900	23.171 995.400	31.544.997.100	1.028 713.900	6.813.715.100	22 805 590.500	30.651.003.000
	»	»	»	»	»	»	»	»
Promissory Notes and transferred credits	509.664 900	4 433.400	91.913.900	606.012.200	615.929.200	2.541.400	110.998.000	729.468.600
	»	»	»	»	»	»	»	»
Miscellaneous	280.141 500	349.614.000	1.243 742 300	1.873.497.800	211.026.000	341 579.600	1.598.518.200	2.151 123 800
	34.829.868.400	13 823.555.400	59 624 746.800	108.278.170,600	33.313.532 200	13 184.446.400	61.812.187.000	108.310.165.600

ASSETS

Specie and Bullion in Paris, in the Branch Offices and abroad	Gold	3.683.768 585 02	
	Gold abroad	1.864.320.907 70	
		5 548.089.492 72	5.868.158.232 36
	Silver	320.068 739 64	
Available Cash and credits abroad			564.075.265 50
Bills due yesterday to be cashed today			1.823 572 93
Discounts in Paris		1.734.870.127 22	
» in the Branch Offices		1.837.993.732 »	3.572.863.859 22
Frozen Bills in Paris		689.763 85	
» » in the Branch Offices		4.663 554 »	5.353 317 85
Loans on Bullion and Specie in Paris		» »	
Loans on Bullion and Specie in the Branch Offices		» »	» »
Loans on Securities in Paris		288.510 510 93	
Loans on Securities in Branch Offices		2.251.144 868 »	2.539 655.378 93
Loans to the State (Laws of *9th June* 1857, *13th June* 1878, *17th November* 1897, *29th December* 1911 *and* *20th December* 1918)			200.000.000 »
Loans to the State (Laws of *5th August and 26th December* 1914, *10th July* 1915, *16th February and 4th October* 1917, *5th April and 7th June* 1918, *5th March and 17th July* 1919, *22nd April and 31st December* 1920, *31st December* 1922 *and* *27th December* 1923, *31st December* 1924, *15th April*, *27th June*, *23rd November and 4th December* 1925)			34.650.000.000 »
French Treasury Bills discounted in respect of loans made by the State to Foreign Governments (Laws of *1st April and 20th December* 1915, *15th February and 4th August* 1917, *22nd March and 20th December* 1918)			5.209.000.000 »
« Rentes » of the Reserve Fund			12.980.750 14
Available « Rentes »			233 759.571 89
« Rentes » tied up (Law of *9th June* 1857)			100.000.000 »
Premises and Furniture of the Bank and Buildings of Branch Offices			188 648 374 16
Special Reserve Fund			8 407 438 93
Miscellaneous			3 431.334.795 02
TOTAL			56 586 060.556 93

LIABILITIES

Bank's Capital			182.500.000 »
Profits in addition to the Capital (Laws of 9th June 1857 and 17th November 1897)			152.246.756 69
Personal Property Reserve			22.105.750 14
Real Estate reserve			4.000.000 »
Special Reserve			8.407.444 16
Amortisation account (*Laws of* 26*th December* 1914 *and* 20*th Decembre* 1918). — Amortisation guarantee (*Convention of* 26*th October* 1917, *Art.* 3)			504.440.686 35
Amortisation account (*Laws of* 26*th December* 1914 *and* 20*th Decembre* 1918). — Surplus applied in the amortisation of loans to the Government			904.479.049 50
Additional Interest Account to the Amortisation Account (Law of 20th December 1918)			18.069.777 85
Bearer Bills in circulation			49.992.606.215 »
Interest on securities deposited or transferred			92.917.422 93
Promissory Notes and Receipts payable in Paris and in the Branch Offices			372.114 94
Treasury Current Account			63.574.353 59
Current and Deposit Accounts Paris	1.733 994.011 08		
Current and Deposit Accounts Branch Offices	1.434 079.124 »		3.168.073.135 08
Dividends Payable			2.699.513 »
Rediscount of bills discounted not due for payment			19.374.759 »
Profit and Loss — Proportion of proceeds to be added to the nominal capital (Laws of 9*th June* 1857 *and* 17*th November* 1897)	34.439.562 19		
Profit and Loss — Reserve for depreciation on Government & other securities	16.000.000 »		
Profit and Loss — Allowances to staff	9.400.000 »		106.139.330 09
Profit and Loss — Gross Dividend 189 fr. 024 (Net : 155 fr.)	34.496.951 22		
Profit and Loss — Payment to the State of an amount equivalent to the portion of the annual dividend exceeding 240 fr. net	10.950.000 »		
Profit and Loss — Carried forward	852.816 68		
Miscellaneous			1.344.054.248 61
TOTAL			56.586.060.556 93

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